

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON111 Microeconomic Principles

Semester 2, 2009

Unit Outline

Department of Economics

You should read this unit outline carefully. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

Welcome to ECON111, Microeconomic Principles. The two units ECON110 and 111, aim to provide an introduction to the main ideas and concepts involved in modern economics. They provide students with an understanding of how the economy works, what type of problems economists attempt to solve, and how they set about trying to solve them. ECON110 deals with macroeconomics, that is, with the behaviour of the economy as a whole. ECON111 on the other hand deals with microeconomics. As such it is primarily concerned with the analysis of individual decision making units; with the behaviour of the individuals, firms and industries that make up the economy.

This unit offers an intensive analysis of the major topics in microeconomics. The unit covers topics that include the theory of demand, the theory of production and costs, market structures and market failure.

TEACHING STAFF

Lecturers	Location/phone	Email
Associate Professor Tony Bryant	E4A407, 98508465	tbryant@efs.mq.edu.au
Dr Michael Dobbie (unit convenor) Administrative questions should be directed to Michael Dobbie	E4A416, 98508502	mdobbie@efs.mq.edu.au
Mr Prashan Karunaratne	E4A449, 98508409	Prashan.karunaratne@efs.mq.edu.au

UNIT WEB PAGE

The unit uses a Blackboard web page that can be accessed via learn.mq.edu.au. The lecture slides for each weeks lecture will be posted on the web page, before the lecture. You will find it useful to download the slides prior to the lecture, and bring to them to the lecture. The web page is also used to post important notices from time to time. **You should check this web page regularly.**

The unit web page also has the facility to allow peer to peer discussion. The unit web page also allows students to put questions to an Online-Tutor. The Online-Tutor will attempt to answer your questions in a timely manner.

If you have any problems accessing this web page you should go the Online Teaching Facility support web page at

<http://online.mq.edu.au/docs/teconf.html>

CLASSES

There is one two hour lecture per week that you must attend. The tutorial sessions begin in week four, and then run every week until the end of the semester. A separate document detailing the tutorial program is available via Blackboard.

The lectures are organised into four streams. Each stream covers the same material although the lecturers differ. The lecture streams are not interchangeable. It is imperative that you do not switch between lecture streams. Although the same content is covered in each stream, each lecturer will cover the material in their own way and at their own pace. Hence you need to attend one stream.

The streams are arranged as follows.

Day	Location	Lecturer
Monday 9-11 am	X5BT1	Mr Prashan Karunaratne
Tuesday 1-3 pm	Macquarie Theatre	Dr Michael Dobbie
Thursday 1-3 pm	Macquarie Theatre	Dr Michael Dobbie
Evening		
Wednesday 6-8 pm	W5A Price Theatre	Associate Professor Tony Bryant

The timetable for classes can be found on the university web site at:

<http://www.timetables.mq.edu.au/>

LEARNING OBJECTIVES AND OUTCOMES

After successfully completing this unit, you will:

- have a solid understanding of microeconomic theory
- be familiar with how microeconomic theory aids decision making by individuals, business and government
- be able to continue any future studies in economics with increased confidence

All academic programs at Macquarie seek to develop students' generic skills in a range of areas. One aim of this unit is that you will develop your skills in problem solving, critical thinking; and creativity.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

The textbook in ECON111 for 2009 is

Frank, R., Jennings, S. and Bernanke, B., *Principles of Microeconomics*, McGraw Hill, Australia, 2nd edition, 2009.

The Co-op bookstore has this book and it is recommended that students purchase a copy.

The publisher provides a range of support material for the textbook, including a website. Information on accessing this material is provided in the introduction to the text. The website material includes trial questions and quizzes. You may find it useful to devote some limited time to these questions and quizzes. They will give you some feedback on how your understanding is

progressing. Note however that the bulk of your study time, outside of the classroom, should be devoted to studying your textbook, revising lecture notes and preparing in advance for tutorials.

Additional References

Your recommended textbook will be more than adequate for this unit. Listed below are a series of other texts on microeconomics that you should feel free to consult if you wish. These books cover most of the material covered in your textbook, but each one does so in its own unique way. You may choose to consult these books if you feel that a slightly different presentation of the material might aid your understanding. These books have been placed in the reserve section of the library.

Swann, M. and McEachern, W.A., *Microeconomics: A Contemporary Introduction*, Thomson, Australia, 3rd edition, 2006.

McTaggart, D., Findlay, C. and Parkin., M., *Microeconomics*, Pearson Education, Sydney. 4th edition, 2006.

Gans, J., King, S. and Mankiw, G., *Principles of Microeconomics*, Cengage Learning, Australia, 4th edition, 2009.

ASSESSMENT AND ITS RELATION TO LEARNING OUTCOMES

Assessment will be based on the following THREE activities. Students must satisfactorily complete ALL three activities to be eligible to pass this unit. In particular, it is a policy of the Department of Economics that you MUST pass the final exam to be eligible to pass the unit.

ACTIVITY 1: WITHIN SEMESTER MULTIPLE CHOICE EXAM HELD IN WEEK 4 (15%)

The exam will be held in class. The exam will be held in WEEK 4 during the first hour of the normal lecture time. To do the exam you simply go to your normal lecture during week 4. It is imperative that you go to the lecture stream that you are enrolled for. You will not be allowed to sit the exam if you do not attend the lecture stream that you are actually enrolled for.

The exam will go for approximately 40 minutes and will contain 20 multiple choice questions. The questions will be drawn from material covered in the unit (lectures and readings) up to and including Lecture (Week) 3. The questions will test your knowledge of basic economic concepts as well as your ability to use those concepts to solve economic problems. The exam will be worth 15% of your total marks in the unit.

ACTIVITY 2: WITHIN SEMESTER ASSIGNMENT (25%)

Each student must submit their assignment by 6pm, October 12, 2009. The emphasis in the assignment will be on using economic theory and reasoning to solve economic problems. The questions in the assignment will be similar to those dealt with in the tutorials for econ111. This assignment will be worth 25% of your final mark in this unit.

A separate document with detailed instructions about the assignment, as well as the assignment questions, will be made available on Blackboard by the end of week 3 of the semester.

ACTIVITY 3: FINAL EXAMINATION (60%)

End of unit three hour written examination, to be taken during the end of semester examination period. The examination will cover material drawn from all parts of the unit's subject matter. The exam will consist of multiple choice questions and written essay type questions. The final exam will give you the opportunity to demonstrate your knowledge of basic economic concepts, the economic way of thinking and to use this knowledge to solve economic problems.

TEACHING AND LEARNING STRATEGIES

The teacher's role: In the 2-hour weekly class we will present new material in the form of lectures. In the tutorial classes we will guide your attempts to discuss the material set down for discussion.

The student's role: We expect that you will attend all lectures and tutorials. We expect you to read, and strive hard to understand, all the material prescribed on the reading list. We expect you to prepare for tutorials, and to be prepared to participate actively in tutorial discussion.

EXAMINATIONS – GENERAL INFORMATION

The University Examination period for **semester two 2009 is 18 November to 4 December.**

You are expected to present yourself for examination at the time and place designated in the University Examination Timetable. The timetable will be available at <http://www.timetables.mq.edu.au/exam> in draft form approximately eight weeks before and in final form approximately four weeks before the commencement of the examinations.

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about this is given at <http://www.reg.mq.edu.au/Forms/APSCon.pdf>.

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. All students are expected to ensure that they are available until the end of the teaching semester, that is, the final day of the official examination period.

PLAGIARISM – IMPORTANT NOTES

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Undergraduate Studies* or on the web at:

<http://www.student.mq.edu.au/plagiarism/>.

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical

grade (SNG). On occasion your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.

For an explanation of the policy see

<http://www.mq.edu.au/senate/MQUonly/Issues/Guidelines2003.doc> or

<http://www.mq.edu.au/senate/MQUonly/Issues/detailedguidelines.doc>.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>. For students taking units in the Faculty of Business and Economics, the Business and Economics Students Services (BESS) is in E4B106. BESS contains a large amount of resources to help you. The web page for BESS is

<http://businessandconomics.mq.edu.au/current/undergraduate/bess>

Lectures, Readings and Unit Diary

Week Dates	Lecture Topic	Textbook Reading	Tutorials and Special Dates
Week 1 <i>Week Beginning</i> August 3	Thinking As An Economist	Chapter 1 and Appendix 1	No Tutorials. Tutorials begin in week 4.
Week 2 <i>Week Beginning</i> August 10	Comparative Advantage: The Basis For Trade	Chapter 2	
Week 3 <i>Week Beginning</i> August 17	Supply and Demand: An Introduction	Chapter 3	
Week 4 <i>Week Beginning</i> August 24	Elasticity Note: the first hour of this lecture will be devoted to the within semester multiple choice test	Chapter 4	Within semester multiple choice test. Held during the first hour of normal lecture time. Tutorials Begin Tutorial 1
Week 5 <i>Week Beginning</i> August 31	Demand: The Benefit Side	Chapter 5	Tutorial 2
Week 6 <i>Week Beginning</i> September 7	Perfectly Competitive Supply: The Cost Side of the Market	Chapter 6	Tutorial 3
Week 7 <i>Week Beginning</i> September 14	Efficiency and Exchange	Chapter 7	Tutorial 4

<i>Week Beginning</i> September 21	Mid-semester recess		Mid-semester recess
<i>Week Beginning</i> September 28	Mid-semester-recess		Mid-semester recess
Week 8 <i>Week Beginning</i> Tuesday October 6	The Quest for Profit and the Invisible Hand	Chapter 9	Tutorial 5 Note that Monday October 5 is the Labour Day Public Holiday. Alternative arrangements for the Monday lecture stream will be announced in class and via Blackboard.
Week 9 <i>Week Beginning</i> October 12	Monopoly and Other Forms of Imperfect Competition	Chapter 10	Assignment Due Monday October 12 by 6pm. Tutorial 6
Week 10 <i>Week Beginning</i> October 19	Thinking Strategically	Chapter 11	Tutorial 7
Week 11 <i>Week Beginning</i> October 26	Externalities	Chapter 12 Pages 322-334	Tutorial 8
Week 12 <i>Week Beginning</i> November 2	Public Goods and Their Financing	Chapter 13	Tutorial 9
Week 13 <i>Week Beginning</i> November 9	The Economics of Information	Chapter 14	Tutorial 10